- Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.
- Meals, traveling and incidental expenses associated with these activities.

Conduit operational support is necessary to ensure the continuing integrity and usability of conduit, and therefore, directly benefits all attachers. As a result, this account should be included in any conduit attachment rate calculation.

(2) Account Allocation[63]

In accordance with the Commission's practice regarding the allocation of pole attachment operational accounts, this account should be allocated by dividing the balance of the account by the sum of the distribution accounts. The formula would be as follows:

580A = 580 / Gross Distribution Plant Investment

b. FERC Account 584 (Underground Line Expenses)

(1) Description and Justification

Account 584 includes labor, materials and other costs directly associated with underground lines, but also with the grounding used with such lines. As noted in the capital accounts section, grounding assets directly benefit all attachers by protecting the integrity of the conduit. These costs are incurred in support of all operational expenses of underground conduit.

63. As noted in the pole attachment calculation section, allocated accounts are noted with an "A" after their account number.

(2) Allocation

As Account 584 contains expenses incurred only with respect to distribution plant, it should be allocated over only the distribution accounts, Account numbers 366, 367 and 369. The resulting account allocation formula would be as follows:

$$584A = 584/(366 + 367 + 369)$$

c. FERC Account 588 (Miscellaneous Distribution Expenses)

(1) Description and Justification

This account contains most expenditures other than engineering and supervision incurred in support of general operational activities, including conduit operations, mapping and installation. This account would include costs incurred in support of all utility functions, including the operation of conduit, further described as follows:

Labor Costs

- General records of physical characteristics of lines and substations, such as capacities, etc.
- Ground resistance records.
- Joint use pole maps and records.
- Distribution system voltage and load records.
- Preparing maps and prints.
- Service interruption and trouble records.
- General clerical and stenographic work except that chargeable to account 586, Meter expenses.

Expenses

- Operating records covering poles, transformers, manholes, cables, and other distribution facilities. Exclude meter records chargeable to account 586 (Meter Expenses) and station records chargeable to account 582 (Station Expenses) and stores records chargeable to account 163 (Stores Expenses Undistributed).
- Janitor work at distribution office buildings including snow removal, cutting grass, etc.

Miscellaneous Materials and Expenses

- Communication service.
- Building service expenses.
- Miscellaneous office supplies and expenses, printing and stationery, maps and records and first aid supplies.
- Research, development, and demonstration expenses.

As noted previously, underground distribution operational support directly benefits all attachers, and this account should be included in any conduit attachment rate calculation.

(2) Account Allocation

In accordance with the Commission's practice regarding the allocation of pole attachment operational accounts, this account should be allocated by dividing the balance of the account by the sum of the distribution accounts. The formulae would be as follows:

588A = 588 / Gross Distribution Plant Investment

d. FERC Account 590 (Maintenance Supervision & Engineering)

(1) Description and Justification

This account is used to record expenditures related to the supervision and engineering of conduit maintenance activities, including conduit maintenance and installation. These costs are similar to those booked in Account 580, except they relate to maintenance rather than operations. As the supervision and associated engineering maintenance of underground distribution directly benefit all attachers, this account should be included in any conduit attachment rate calculation.

(2) Account Allocation

In accordance with the Commission's practice regarding the allocation of pole attachment maintenance accounts, this account should be allocated by dividing the balance of the account by the sum of the distribution accounts. The formulae would be as follows:

590A = 590 / Gross Distribution Plant Investment

e. FERC Account 594 (Maintenance of Underground Lines)

(1) Description and Justification

The expenditures booked to this account include the general expenses of underground facility general maintenance which is not supervisory or engineering, including conduit maintenance and installation. Examples of costs booked to this account are as follows:

- Work of the following character on underground conduit.
- Cleaning ducts, manholes, and sewer connections.
- Moving or changing position of conduit or pipe.
- Minor alterations of handholds, manholes, or vaults.
- Refastening, repairing, or moving racks, ladders, or hangers in manholes or vaults.
- Plugging and shelving ducts.
- Repairs to sewers, drains, walls, and floors, rings, and covers.

As conduit maintenance directly benefits all attachers, this account should be included in any conduit attachment rate calculation.

(2) Account Allocation

In accordance with the Commission's practice regarding the allocation of pole attachment maintenance accounts, this account should be allocated by dividing the balance of the account by the sum of the distribution accounts. Expenditures booked to this account relate only to the maintenance of plant recorded in FERC Accounts 366, 367 and 369. Accordingly, it should only be allocated with respect to those accounts, as follows:

$$594A = 594 / (366 + 367 + 369)$$

f. FERC Account 598 (Maintenance of Miscellaneous Distribution)

(1) Description and Justification

The expenditures booked to this account include the general expenses of underground facility general maintenance which is not supervisory or engineering, such as general labor and supplies, including conduit maintenance and installation. This does not include the maintenance associated with the underground electric utility lines themselves, as that is included in FERC Account 594, but only general maintenance with the overall facilities. A summary of costs booked to this account are as follows:

- Direct field supervision of maintenance.
- Inspecting, testing, and reporting the condition of plant specifically to determine the need for repairs, replacements, rearrangements, and changes and inspecting and testing the adequacy of repairs which have been made.
- Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.
- Rearranging the location of plant not retired.
- Repairing for reuse materials recovered from plant.
- Testing for locating and clearing trouble.
- Net cost of installing, maintaining, and removing temporary facilities to prevent interruption of service.
- Replacing or adding minor items of plant which do not constitute a retirement unit.

As conduit maintenance directly benefits all attachers, this account should be included in any conduit attachment rate calculation.

(2) Account Allocation

In accordance with the Commission's practice regarding the allocation of pole attachment maintenance accounts, this account should be allocated by dividing the balance of the account by the sum of the distribution accounts. The formulae would be as follows:

598A = 598 / Gross Distribution Plant Investment

g. Total Operations and Maintenance Expense

The formula for these accounts would be as follows:

O&M = 580A + 584A + 588A + 590A + 594A + 598A

2. Administrative and General Expense

As with the pole attachment formula, the electric utility should be permitted to recover the proportionate share of all general and administrative expense. The Commission has recognized that some part of all of these expenses directly or indirectly benefit attachers. The formula presentation for these costs should remain as follows:

A&G = Accounts 920 through 935 (Total A&G)/
Gross Electric Plant Investment

3. Depreciation Expense

Under a replacement cost methodology, the attachers obtain no benefit from accumulated depreciation. As a result, no depreciation expense component will be used. Use of the replacement cost methodology permits the parties to avoid the additional problems that would be associated with attempting to locate the applicable depreciation accounts.

4. Taxes

The tax accounts which are currently included for poles, and should continue to be included for conduits, are as follows:

408.1 (Taxes Other Than Income Taxes -- Utility Operating Income)
409.1 (Income Taxes -- Utility Operating Income)
410.1 (Provision for Deferred Income Taxes -- Utility Operating Income)
411.4 (Investment Tax Credit Adjustments)
411.1 (Provision for Deferred Income Taxes -- Credit -- Utility Operating Income)

The resulting formula is as follows:

$$\text{Tax} = \frac{408.1 + 409.1 + 410.1 + 411.4 + 411.1/}{\text{Total Electric Plant}}$$

5. Cost of Capital

The cost of capital (CAP) should be the cost of capital set in the most recently filed state rate case applicable to the electric utility, including return on equity, for the state within which conduit attachments are sought. Gross cost of capital should be used because it is the most closely matched to replacement value.

6. Useable Space for Conduits and Ducts

The only useable space in a conduit/duct facility is the duct itself. The rest is unusable, since the only place electric or communications wires can be located is within the confines of a duct. As discussed in more detail above, pursuant to the NESC and many state safety regulations, except in limited circumstances, communications and electric lines cannot share a duct. NESC at 341A6. Accordingly, the half duct methodology does not apply to attachments in electric utility facilities, and each communications "attachment" would require one duct.

Due to NESC clearance requirements other ducts also may be forced to remain empty. Telecommunications companies should also pay for required empty ducts. It follows then, that for urban conduit and duct systems, costs should be allocated by a ratio of the number of ducts actually used by cable or telecommunications providers divided by the number of ducts available in the conduit. This ratio would be multiplied times the replacement cost for the number of feet utilized to derive the maximum rate allowed under

§ 224(d)(1). In the future, of course, telecommunications providers subject to § 224(e) would be responsible for paying their statutory share of unusable space. This would include most of the costs of construction, which can include some or all of digging the trench, shoring, backfill, cutting rock and asphalt, subsurface engineering, and other costs.

7. Formula Calculations

We believe that, in most cases, arms length negotiation will produce mutually favorable access rates and conditions, and will encourage electric utilities and communications companies to invest in conduit in a mutually beneficial manner. In the event that such negotiations fail, we believe that the concepts outlined above and summarized in the following formulae will provide a just and reasonable presumptively applicable rate to guide the Commission and the parties. The resulting formula for application to conduits would be as follows:

$$\text{Rate} = \text{Replacement Cost per Foot} \times \text{O\&M} \times \text{A\&G} \times \text{Tax} \times \text{CAP} \times \text{ratio of ducts used to total ducts in conduit}$$

VII. CONCLUSION

Prices set by the Commission's early regulations for cable companies' access to utility facilities were designed to spur the growth of the cable industry. Today that industry is fully mature, so there is no justification for continued cross subsidization of any portion of the cable industry by electric utility customers or stockholders. The Electric Utilities urge the Commission to take this opportunity to establish maximum, presumptively applicable prices for use of utility facilities in a manner which ends past subsidies and which encourages movement toward forward-looking, competitive and market-based pricing.

The Electric Utilities recommend that poles be classified into two categories -- 30-foot poles and 40-foot poles. As the manner in which space is allocated is different for these poles, this correction is necessary ensure that prior cross-subsidization is corrected. The Electric Utilities also recommend that the Commission correct a serious flaw in its current regulations by allocating 100 percent of useable pole space in setting prices for access to distribution facilities. Finally, the Electric Utilities recommend that the Commission recognize that the 40 inches of safety clearance required by the National Electrical Safety Code exists solely for the benefit of cable and communications service providers and therefore should be allocated as useable space to those entities. The cost of safety clearances required for electric conductors is already included in the useable space allocated to electric service. Each service should pay for the pole space required for its service. The Electric Utilities also make specific recommendations about additional accounts required by the FERC that must be included and properly allocated in prices set by the Commission to avoid cross-subsidization of cable and telecommunications services.

The Electric Utilities urge the Commission to recognize that electric underground conduits and ducts are totally different from those used to provide telecommunications services, due primarily to the extremely high voltages and electrical currents in urban-area conduit systems. Past accounting conventions do not permit any uniform or accurate formulaic approach to calculating the cost of urban conduit systems. In view of this, and consistent with the policy of moving toward market-based rates, the Electric Utilities urge the Commission to use replacement costs for the capital cost component of the conduit rental

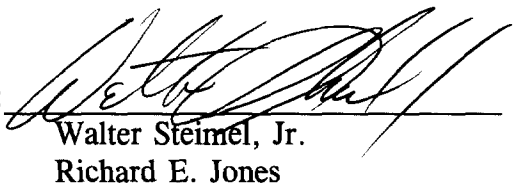
rate. Suggestions are also made for estimating conduit operating, maintenance and other expenses from specific FERC accounts and for properly allocating them to attaching entities.

Respectfully submitted,

CAROLINA POWER & LIGHT COMPANY
DELMARVA POWER & LIGHT COMPANY
ATLANTIC CITY ELECTRIC COMPANY
ENTERGY SERVICES
- **ENTERGY ARKANSAS, INC.**
- **ENTERGY LOUISIANA, INC.**
- **ENTERGY GULF STATES, INC.**
- **ENTERGY NEW ORLEANS, INC.**
- **ENTERGY MISSISSIPPI, INC.**

PACIFIC GAS AND ELECTRIC COMPANY
POTOMAC ELECTRIC POWER COMPANY
PUBLIC SERVICE COMPANY OF COLORADO
SOUTHERN COMPANY
- **GEORGIA POWER**
- **ALABAMA POWER**
- **GULF POWER**
- **MISSISSIPPI POWER**
- **SAVANNAH ELECTRIC**

TAMPA ELECTRIC COMPANY
VIRGINIA POWER
- **NORTH CAROLINA POWER**
- **VIRGINIA POWER**

By: 
Walter Steimel, Jr.
Richard E. Jones
Marjorie K. Conner
Ronnie London
Counsel

Hunton & Williams
1900 K Street, N.W.
Suite 1200
Washington, D.C. 20006
(202) 955-1500

June 27, 1997

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APPENDIX A

Tampa Electric Company ("TECO"), is a tax-paying, investor owned electric utility, incorporated in 1899. Its service area is relatively compact, comprise of approximately 2,000 square miles including almost all of Hillsborough County and parts of Pasco, Pinellas, and Polk Counties, in the State of Florida. TECO has several generating plants and owns and operates over 320,000 distribution poles used to serve its approximately 500,000 customers. In addition to its own poles, approximately 11,250 poles are use-shared with the local exchange carrier pursuant to a joint use agreement.

Carolina Power & Light Company ("CP&L") is an investor owned electric utility which generates, transmits and distributes electric power to more than 1.1 million customers in a 30,000 square mile service area covering much of eastern and central North Carolina, the Asheville area and northeastern South Carolina Electric service is provided through 16 generating plants and more than 5,900 miles of transmission lines and 37,000 miles of distribution lines. It has a total installed generating capacity of 9,613 megawatts, of which 55% is coal fired 32% nuclear, 2% hydro and 11% oil, gas and propane. Its annual revenues in 1996 were approximately $3 billion.

Florida Power Corporation is a 100-year-old electric utility company serving 1.3 million accounts (or about 5 million people) in a 32-county service area of central and north Florida. It is the principal holding of Florida Progress Corporation, also based in St. Petersburg, FL. The holding company has annual revenues of $3.2 billion and assets of $5.3 billion. (All figures based on 1996 Annual Report data.)

Entergy's operating companies are Entergy Arkansas, Inc., Entergy Louisiana, Inc., Entergy Gulf States, Inc., Entergy New Orleans, Inc., and Entergy Mississippi, Inc. Entergy provides retail energy services to approximately 4.8 million customers, about half of whom reside in the company's U.S. service area, which includes portions of Arkansas, Louisiana, Mississippi, and Texas and spans 112,000 square miles. Entergy is a publicly traded company (NYSE symbol "ETR").

Southern Company is the parent company of five electric utility operating companies: Georgia Power, Alabama Power, Gulf Power, Mississippi Power, and Savannah Electric. Among its other subsidiaries are Energy, Inc., Southern Nuclear, Southern Communications Services, Southern Development and Investment Group, and Southern Company Services. Through its subsidiaries, Southern Company is the largest producer of electricity in the United States and supplies energy to a 120,000 square mile U.S. service territory spanning most of Georgia and Alabama, southeastern Mississippi, and the panhandle of Florida. Southern Company is one of the 20 most widely held corporate stocks in the United States (NYSE symbol "SO").

Georgia Power, the largest of Southern Company's five operating companies, is an investor-owned, tax-paying utility serving customers in 57,000 of the Georgia's 59,000 square miles. Georgia Power's 1.7 million customers are located in all but six of the Georgia's 159

counties. The company had a net plant investment of $10.75 billion and employed more than 11,000 at the end of 1995.

Virginia Electric and Power Company serves more than 1.8 million homes and businesses in Virginia and Virginia Power and in northeastern North Carolina as North Carolina Power. The Company serves a 30,000 square mile service area that includes populous northern Virginia, metropolitan Richmond, and greater Hampton Roads, which includes Norfolk, Newport News and Virginia Beach.

Pacific Gas and Electric company ("PG&E") is an operating public utility engaged principally in the business of supplying electric and natural gas service throughout most of Northern and Central California. It is a subsidiary of PG&E Corporation which was incorporated in California in 1995 for the purpose of becoming the parent holding company of PG&E. PG&E's utility service territory covers 70,000 square miles with and estimated population of approximate 13 million, and includes all or portions of 48 of California's 58 counties. The PG&E service area is smaller than in previous years due to factors such as the exclusion of areas formerly included in PG&E's service territory that are now served by municipalities and irrigation districts which are competing to be electric utility distribution providers. PG&E owns and maintains approximately 2 million solely and jointly-owned wood distribution poles to provide electric service to its customers. PG&E is responsible for operating and maintaining an estimated 100,000 miles of electric distribution facilities. The geographic extent of PG&E's electric system causes it to encounter many different types of physical environments and climates, including coastal ranges, dense metropolitan areas, suburbs, agrarian communities, mountainous terrain, wilderness areas, and scrub lands.

APPENDIX B

In the event the Commission does not include all the accounts identified in the body of these comments in the pole attachment formula, the Commission should include an additional factor to permit the Electric Utilities to capture substantial, additional, otherwise unrecoverable costs, including but not limited to the following:

- Pre- and post-inspection costs for new or additional attachments
- Engineering for make-ready work needed for new builds and rebuilds
- Construction time to do all rearrangements, relocations and additions and removals for new builds, rebuilds and safety violations
- Pole rent-recap sheets, billing authorities, letters, processing time
- New agreements and assignments negotiated and implemented, insurance certificates and surety bonds obtained and maintained
- NESC, NEC and other safety codes interpreted and enforced
- Field surveys for locating unauthorized attachments and safety code violations
- Responding to complaints from the public, governmental entities and other utilities concerning attachments
- Policy and procedure updates
- Status reports and presentations to company management on joint use activities
- I.D. tagging system
- Copy and make maps upon request of attaching utilities
- Service restoration that occurs only as the result of extreme weather conditions which is caused by fully- or overloaded poles and is more expensive than normal service restoration
- Legal expenses arising from increased liability exposure from increased activity and facilities on poles, pole attachment contracting transactional work, FCC complaints, property owner complaints
- Increased expense for risers and cables necessitated by taller poles requiring greater amounts of same
- Track and collect overdue pole attachment fees

FIGURE 1

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Auction Net Revenues

Auction Number	Auction Event	Total Net High Revenue
1	Nationwide Narrowband	650,306,674.00
2	IVDS	213,892,375.00
3	Regional Narrowband	394,835,783.80
4	MTA (A & B Block)	7,736,020,384.00
5	C Block	9,330,140,438.73
6	MDS	216,316,332.75
7	SMR	205,959,071.60
8	DBS 110	682,500,000.00
9	DBS 148	52,295,000.00
10	C Blk Reauction	911,021,699.25
11	D, E, & F Block	2,523,428,304.00
12	Cellular Unserved	1,842,533.00
14	WCS	13,639,132.00
15	DARS	173,234,888.00
Total Net Revenues		**$ 23,105,432,616.13**

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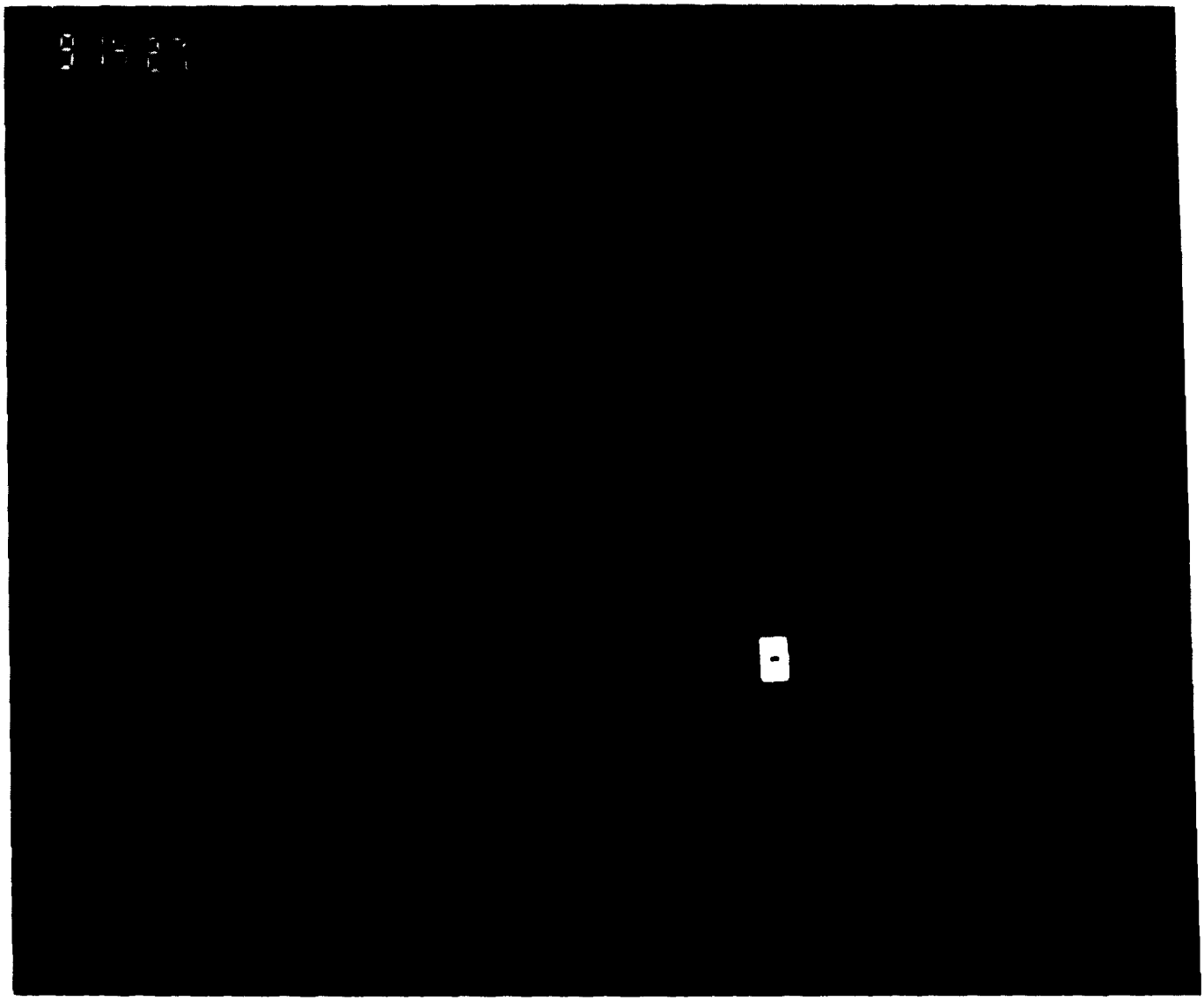
Exhibit 1

Typical thirty foot pole configurations demonstrating the type, number and spacing of attachments.



Typical thirty foot pole configurations demonstrating the type, number and spacing of attachments.

Typical thirty foot pole configurations demonstrating the type, number and spacing of attachments.

Exhibit 2

Typical lines, strung extremely tight and often close to the line of sight.

Typical lines, strung extremely tight and often close to the line of sight.

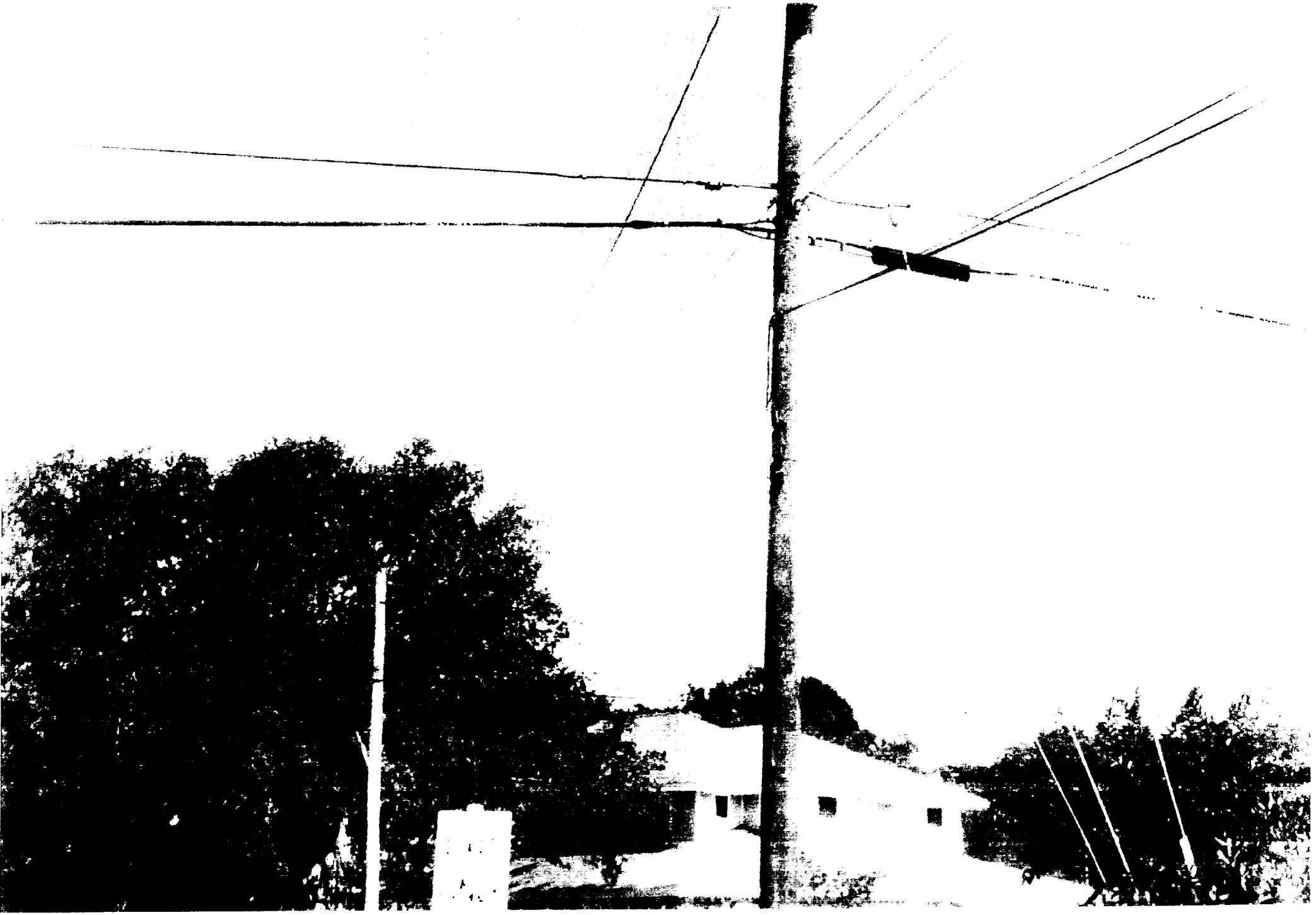


Exhibit 3